



Connecticut **Business & Industry** Association

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My name is Kevin Hennessy. I am a staff attorney for the Connecticut Business and Industry Association (hereinafter "CBIA"). CBIA represents approximately 10,000 member companies in virtually every industry. They range from large, global corporations to small, family owned businesses. Approximately 90 percent of our member companies have fewer than 50 employees. All of our members are energy consumers and rely on electricity for their respective day to day operations.

Thank you for the opportunity to present CBIA's thoughts on the following bills:

- **HB 5783**, *AAC Electricity Market Incentive Rebates*; and
- **HB 5819**, *AAC Energy Relief and Assistance*

HB 5783, *AAC Electricity Market Incentive Rebates*

CBIA opposes **HB 5783**, *AAC Electricity Market Incentive Rebates*, because it is bad public policy that will discourage investment in Connecticut.

Section 1(a) of the bill calls for the DPUC to determine the cost of service, including a reasonable rate of return, for nuclear and coal power plants.

Section 1(b) calls for the electric distribution company, in the area where the nuclear or coal fired power plant is located, to offer to the plant, a five to fifteen year contract for power generation.

The real problem with the bill lies in Section 1(d). This section states that any nuclear or coal fired power plant that chooses not to enter into the contract with the electric distribution company will be subject to an annual market incentive recovery charge. In plain language, they will be subject to a windfall profits tax.

The introduction of a bill that would make Connecticut the only state in the nation to tax private energy company profits sends the wrong message at the worst possible time to businesses and investors.

At best, Connecticut and the United States are in uncertain economic times. Simply proposing policies that make Connecticut adverse to businesses will have negative consequences on job growth and the economy.

In November, 2007, CBIA commissioned Zogby International to conduct a poll of Connecticut citizens. Of the 600+ respondents, 98% thought it was important for businesses to earn a profit. Moreover, of those polled, only 22% believed that Connecticut businesses made too much of a profit. Contrary to popular belief, Connecticut citizens told us that profits are good and necessary.

Unfortunately, somewhere along the way, “earning a profit” developed a negative connotation. However, “earning a profit” is what allows companies to grow and employ people. “Earning a profit” is what pays for research and development for new technologies. “Earning a profit” enables companies to donate back to their communities.

Rather than mortgaging our economic and energy future to save a little bit of money now, let’s focus on changes that will have positive impacts on reducing our energy costs and improving our business climate in the long run. In that regard, please **reject HB 5783.**

HB 5819, AAC Energy Relief and Assistance

Among other things, this bill creates the quasi-public agency known as the “Connecticut Energy Authority” (hereinafter “the Authority”). The Authority would procure least-cost supply-side and demand-side resources to meet the electricity needs of retail customers.

CBIA believes that the roles designated for the Authority are better accomplished by the electric distribution companies under the regulation of the DPUC. Adding another layer of bureaucracy into the fray is not what electricity customers want or need. They want affordable and reliable power. CBIA is not convinced that the Authority can deliver this.

What’s more, the Authority appears to have some significant taxpayer expenses associated with it. CBIA would like to see the actual costs of the agency to better assess its potential benefits.

For the aforementioned reasons, CBIA encourages you to **reject HB 5819.**

Once again, thank you for the opportunity to comment today.